

Appendix A

The Case for a Local Housing Trust Fund

A very clear explanation of the benefits and feasibility of creating a local Housing Trust Fund was set out in the February 1998 study “Affordable Housing Market Study and Strategy for Asheville” (Housing & Community Insight). The relevant extract from this study is reproduced in full below.

The Homes for Asheville Buncombe Task Force discussed and developed this concept further and, on March 22, 2000, resolved to recommend the creation of a County-wide trust fund. The text of the Resolution and a proposed outline draft design for a trust fund are also reproduced below.

1. Extract from the 1998 Affordable Housing Study (pp 87-92)

Develop a Housing Trust Fund

One of the strongest leadership moves the city can make is to create a housing trust fund. A housing trust fund generates a steady source of money, year after year, to support affordable housing. It is a subsidy source under state or local control. Housing trust funds began to be formed in the early 1980's, and their expansion has coincided with the decline in federal housing programs. Although a trust fund can be started with a single grant or appropriation, the capital-intensive nature of housing development normally dictates that ongoing funding, or a “dedicated revenue source,” be found so that a steady program of housing assistance can be supported by the fund.

Benefits

The city's housing goals would be substantially advanced by the creation of a trust fund -- beyond the specific purchasing power of the new funds. A trust fund would give Asheville more autonomy over housing initiatives. The city could design programs creatively to suit local preferences and needs, filling gaps that less flexible programs might not permit. Employers considering a move to the area would take note of the trust fund as a long-range commitment by the community to maintain a range of housing affordable to many income groups. A trust fund would provide continuity, enabling housing producers, service providers, lenders, and consumers to plan on funding availability.

A good case can be made that housing trust funds represent a sound capital investment of public funds. Housing investments generate jobs, materials purchases, and sales taxes that can repay the initial outlay relatively quickly. The National Association of Homebuilders estimates the following economic impact from construction of 100 homes: 245 full-time jobs; \$7.5 million in wages; \$3.7 million in taxes and fees for single-family construction; 103 jobs, \$3.2 million in wages; \$1.58 million in taxes and fees for multi-family construction.

In addition to the returns from taxes, housing trust fund assistance can frequently be structured as a loan, enabling recycling of the original public investment. Finally, a local source of housing funds can anchor the strategic management process described above. Investing local resources would give everyone a stake in sound planning and evaluation.

Trust Funds in Other Cities

Trust funds have come into wide use throughout the country as a partial response to federal government funding cuts for housing. Out of 110 surveyed housing trust funds in the US, there are 30 that are city-sponsored (Housing Trust Fund Project, 1997). The distribution of these 30 by population size is as follows:

CITY HOUSING TRUST FUND DISTRIBUTION BY CITY POPULATION

Population	No. of Funds
> 1,000,000	2
750,000 -1,000,000	1
500,000-750,000	5
250,000-500,000	3
100,000-250,000	7
50,000-100,000	4
< 50,000	8

Source: Housing Trust Fund Project, 1997.

In North Carolina, the state has what is referred to as a housing trust fund, although its original 1987 capitalization has not yet been stabilized with a steady funding stream of any kind. Durham and Greensboro automatically set aside a portion of their property tax revenues for housing, and both cities have leveraged their trust funds by issuing general obligation housing bonds.

Targeting and Use of Trust Fund Monies

Housing trust funds generally target a particular income group, for example, households below 80% of median income. The local jurisdiction, sometimes with the help of an appointed advisory board, decides how the funds can be used. Some common uses include:

- “soft second” mortgages for first-time homebuyers
- second mortgages to reduce rents in new or rehabilitated apartment projects
- foreclosure assistance
- operating assistance for non-profit development organizations
- supportive services for housing those with special needs
- land banking
- home buyer or renter education expenses
- pre-development expenses
- debt service on housing bond issues

Funding Sources

Funds around the country use a wide variety of revenue sources. The source(s) chosen depend on the level of the jurisdiction establishing the fund, the local housing market, legal limitations, and local political judgements. Sources that have been tapped include real estate transfer taxes, developer fees, proceeds from sale of city-owned land, hotel/motel taxes, interest on real estate escrow accounts, and local property taxes. Multiple revenue sources could be identified to flow into a single fund to minimize the burden on one group or industry. Following are examples of revenue sources being used by the 30 cities studied by the Housing Trust Fund project:

REVENUE SOURCES USED BY CITY HOUSING TRUST FUNDS

Revenue sources	Number of cities dedicating revenue to housing fund
Impact/mitigation (linkage) fees	10
Zoning inclusionary in-lieu fees	4
Property taxes	4
Developer proffers (contributions)	3
Housing excise tax	1
Sales tax	1
Hotel room tax	1
Condominium conversion fees	1
Unclaimed utility deposits	1
Landfill fees	1
Transfer of development rights	1
Union employee wages	1
Other fees	1

Source: Housing Trust Fund Project, 1997.

North Carolina law empowers municipalities to raise revenue only from property taxes or license privilege fees, according to the North Carolina League of Municipalities. The state legislature must approve any other fees, and League counsel told us that even in cases where local elected officials unanimously approve a new levy, it has not been easy to secure approval in the legislature. The League is seeking blanket approval for a menu of alternative revenue sources.

In its November 1997 paper, *Asheville Housing Fund Research*, Pisgah Legal Services responded to the city's request for research on ways to increase local resources for affordable housing. The report reviewed the history of housing bond programs in Raleigh, Greensboro, and Winston-Salem, and presented a detailed description of Durham's affordable housing program, which the report states has made use of \$21 million in bond proceeds through 1995. Pisgah Legal's analysis projected that an initial investment of \$2,644,000 (2 cents of existing property tax rates in Asheville and Buncombe County combined) would pay for itself in 10 years by generating new tax revenues, including revenues from the wage "multiplier effect," local sales tax, and property taxes.

Housing Bonds

A housing trust fund can be used to pay debt service on general obligation bonds for affordable housing. The advantage is the leverage achieved when a relatively small amount of revenue is used to amortize a large general obligation bond issue, the proceeds of which carry fewer federal restrictions on program design than other types of housing bonds. However, disadvantages or impediments to a bond sale include: the requirement for referendum approval; costs of issuance; and the greater administrative and development capacities required to run a sizeable housing program. It is recommended that the city defer consideration of a housing bond until it has developed and successfully implemented a housing program using dedicated local revenue.

Joint City-County Trust Fund

Usually a fund is established by a single governmental entity, but examples of multi-jurisdictional trust funds do exist. It would be possible for the City of Asheville and Buncombe County to establish a joint fund, with each jurisdiction receiving monies proportionate to its contribution. A unified campaign to generate political support for the fund could be an advantage. Coordination of city and county housing efforts could be enhanced. The quadrennial revaluation of property now underway presents an opportunity to consider establishing such a fund.

2. Resolution Approved by Homes for Asheville-Buncombe Task Force on March 22, 2000

Resolution For a Housing Trust Fund For Asheville and Buncombe County

As citizens of the Asheville -Buncombe Community, we believe that:

- ❖ All citizens of our community should be able to live in a safe, attractive, affordable home in a good neighborhood.
- ❖ A healthy housing economy is good for businesses -- since housing construction creates local jobs and provides homes for employees. We believe that people who work in our community should be able to live in our community.
- ❖ Children who live in safe and stable homes are more able to take advantage of a good education and improve their quality of life.
- ❖ The Asheville-Buncombe housing market is the least affordable in North Carolina. The price of homes has risen faster than incomes, leaving many without the ability to afford a safe, attractive home.
- ❖ A safe and healthy home promotes good health in the residents. This is especially true for children and elderly and disabled citizens, who are more likely to suffer from lead poisoning, asthma, and illness and injury related to carbon monoxide poisoning, asbestos, fire hazards, faulty electricity, and other unsafe conditions in the home.
- ❖ Housing pays back. Building an attractive home increases the value of land and increases the tax base, so that more properties can share the local tax burden.
- ❖ Residents should pay a fair price for a safe attractive home. By designing a program of loans, not grants, with favorable terms of payment, those who could not afford a home will be able to pay a monthly rent or house payment.
- ❖ The need for more affordable housing has been documented extensively. By their votes and their voices, the citizens of Asheville and Buncombe County have demonstrated their concern that affordable housing is a priority of the highest order.

Because of these beliefs, the members or representatives of this organization resolve to support a *Housing Trust Fund for Asheville and Buncombe County*, which will be a revolving pool of investment -- local, flexible, and accountable to the people -- for creating attractive, affordable homes and preserving existing homes in Asheville and Buncombe County.

The Trust Fund will be used to:

- ❖ Promote homeownership through construction and financing for first-time homebuyers.
- ❖ Repair or replace substandard and unsafe housing.
- ❖ Create attractive, safe rental homes which are affordable to working families and individuals and elderly and disabled citizens.

- ❖ Provide homes for families and individuals with special housing needs, for example, those who have left their homes due to domestic violence, the frail elderly, and people with disabilities.

We believe that the Trust Fund should be capitalized with a combination of local public and private funds, including the annual dedicated local revenue equivalent of one cent per hundred dollars of property tax value from the City of Asheville and one cent per hundred dollars of property tax value from Buncombe County. We ask our elected officials to support this recommendation.

With this resolution, we pledge our support, our talents, and our energies to this vital effort, to build a better community for the citizens of Asheville and Buncombe County

3. Proposed Draft Outline Design for a Trust Fund - Homes for Asheville-Buncombe Task Force - February 2000

I. Uses of Housing Trust Fund

- A. To meet housing needs identified in current and future plans of county and municipal governments (such as the HOME Consortium's 2000 Consolidated Plan)
 - 1. in incorporated and unincorporated areas of Buncombe County
 - 2. for owners/buyers earning less than 80 percent of HUD median income (household size adjusted)
 - 3. for renters earning less than 60 percent of HUD median income (household size adjusted).
- B. To finance site acquisition, housing rehabilitation, and construction by non-profit and for-profit developers.
- C. To leverage other resources as much as possible, and to promote public/private/non profit partnerships.
- D. For loans with payments recycled to the Housing Trust Fund as received.
- E. To promote long-term affordability of units assisted.
- F. To use and expand nonprofit housing development capacity.
- G. For programs including at least these elements:
 - 1. Promote homeownership-
 - a) assist development and purchase of new homes
 - b) assist purchase and rehabilitation of existing homes
 - 2. Produce rental housing using the low income housing tax credit and other available funds
 - 3. Repair or replace substandard and unsafe housing
 - 4. Provide housing for the elderly and those with special needs

II. Housing Trust Fund Administration

- A. In administering the program, county government (or other local government as appropriate, based on sources of dedicated revenue) will:
 - 1. For administrative costs, use no more than 10% of any revenues which are dedicated for the Housing Trust Fund. Use none of any housing bond funds for administrative costs.
 - 2. Employ qualified organizations and financial institutions as intermediaries as much as possible to manage program operations, develop housing, and service loans
 - 3. Oversee the use of funds and report regularly to the advisory board and commissioners
- B. Housing Trust Fund Advisory Board
 - 1. To be appointed by county commissioners (or elected officials of other local governments as appropriate, based on sources of dedicated revenue)
 - 2. Responsibilities:
 - a) Program Design Recommendations-
 - (1) Draft housing program designs (with reference to program purposes defined in Section 1)
 - (2) Draft a Request for Proposals with competitive selection criteria
 - (3) Propose revisions to program design and RFP annually as needed
 - (4) Submit program design and RFP to commissioners for approval
 - b) Funding Recommendations
 - (1) Based on staff analysis and scoring, advisory board will review project and program financing requests
 - (2) Recommend funding to commissioners

Appendix B

Results of Community Outreach Discussion Groups

4. Community Discussions on Affordable Housing

DATE	PLACE	GROUP CHARACTERISTICS	#
April-May, 1999	WNC Housing Inc., Asheville	two meetings with individuals with mental disabilities	12
Sept. 14, 1999	Vanderbilt Apartments	2 elderly residents 2 Vanderbilt staff 1 Vanderbilt board member	5
Sept. 30, 1999	Brevard	3 African-American, 3 White 4 women, 2 men 1 confined to wheelchair	6
Oct. 1, 1999	First Baptist Church, Asheville	12 working renters were invited and none attended	0
Oct. 7, 1999	City Hall, Asheville	low income homeowners rehab program applicants 6 African-American, 1 White; 6 women, 1 man	7
Oct. 12, 1999	Habitat Offices, Asheville	Habitat homebuyer families at various stages of the process	9
Oct. 21, 1999	Family Services Center, Asheville	Hispanic mothers, mostly from public housing and transportation dependent	7
Nov. 15, 1999	Rio Bravo Restaurant	4 Hispanic, 1 White	5
Total Persons Attending discussions			51

Priorities Discussed

- Need for independent living options for mentally disabled
- Need for supportive serves for mentally disabled
- Congregate, apartment living is most desirable for mentally disabled
- Location near community amenities, bus line, shopping, etc. important
- Very difficult to find affordable housing
- Much potential housing is substandard; affordable housing is often unsanitary and unsafe
- Fair housing is an affordability issue
- Credit reports negative because of too many inquiries during housing search
- Difficult to learn what housing is available
- Lack of elderly and handicapped rentals
- People moving here from higher cost areas driving up housing costs; rental prices too high
- Land costs too high; lack of available land
- Repair costs too high
- Gentrification
- Property tax system lacks clarity
- Lack of mass transit; elderly need more flexible, extensive, convenient transportation
- Lack of information about housing help in Spanish; language & cultural barriers

- Low pay for jobs held by Hispanic persons
- Advocacy for the elderly needed
- Affordable health delivery systems; assertive wellness needed; loneliness; stress

Suggested Actions

- Encourage investment in affordable housing (rental and ownership)
- Educate landlords of advantages of bringing units up to standard
- Enforcement against discrimination
- Consumer education
- Rehab existing buildings for ownership or rental
- Homeless shelter needed
- Use churches to distribute information about housing assistance
- Landlords receiving rehab assistance should charge rent like public housing
- Landlords should not increase rent when tenants income increases
- Better publicize resources available
- Help fight predatory lending
- Do not use out of town lenders who take advantage of families
- Tax office should be less strict with low income and elderly homeowners about paying taxes
- Build new affordable housing; use homeless and prisoners
- Improve mass transit
- Distribute information in Spanish; Offer homeownership and budgeting classes in Spanish; Work with Asheville Latin Americans for Advancement Society (ALAAS) to develop Hispanic outreach program.

2. Community Discussions on Non-Housing Issues

(a) At Mountain Microenterprise Fund - 4 women and 2 men (no race noted); 3 homeless

Issues Raised

- Need to get off the street
- Poor credit and rental histories
- Large deposits for apartments difficult
- Create peer groups to assist with home purchasing process
- Job training class expensive on minimum wages
- Need to work two jobs to make ends meet
- Public transportation unavailable in evenings
- Service providers and employers make negative assumptions about homeless
- Priorities - transportation, good paying jobs, amnesty for credit, affordable housing

(b) At DSS office – one black female, single parent, Work First participant

Issues Raised

- Program has limited time frame
- Child care not available Saturdays and evenings (limits jobs)
- No transition place to live after Helpmate Shelter limit expires

(c) At Planning Office – two recovering substance abusers; 1M, 1F (no race noted)

Issues Raised

- Services not reaching minorities
- Need help during crisis situations
- Availability of heroin increasing
- New Hope program making progress
- Lack of family cohesiveness a concern
- HIV has increased by 32 times in 10 years
- Education and prevention is non-existent
- HIV exists in 75% of IV drug users
- Issue for users to be productive members of society is treatment vs. cost of wasted lives
- Identified as negative element for renovating areas of downtown
- Recommend funding for New Hope program and actively take treatment services to users

(d) At Consumer Credit Counseling Service - 4 women and 2 men (all white, LMI)

Issues Raised

- Discrimination on housing (pets and children)
- Gap between wages and rent
- Need more multi-family housing - UDO restrictive
- Crime prevention / protection in housing projects
- Convert rental units to home ownership
- Dead end jobs a major problem
- Animal control concerns
- Child care costs too high
- Improve water supply
- Increase recycle program
- Park-n-ride lots, trolleys
- Traffic signalization
- Combine school systems
- Need better teachers
- provide incentives to attract higher paying jobs
- sidewalks needed in neighborhoods
- lack of recreational activities for elderly
- lack of transportation services for elderly
- encourage mixed use neighborhoods

APPENDIX C

3.**Consultation on the Draft Plan**

The following local governments, public agencies, and non-governmental organizations were invited to submit their formal comments on the draft plan. Their comments are reproduced below.

Local Governments***Buncombe County***

Buncombe County
 Town of Black Mountain
 Town of Biltmore Forest
 Town of Montreat
 Town of Weaverville
 Town of Woodfin

Henderson County

Henderson County
 Town of Flat Rock
 Town of Fletcher

City of Hendersonville
 Town of Laurel Park

Madison County

Madison County
 Town of Hot Springs
 Town of Marshall
 Town of Mars Hill

Transylvania County

Transylvania County
 City of Brevard
 Town of Rosman

Other Public Agencies

Asheville City Schools
 Brevard Housing Authority
 Buncombe County Department of Social Services
 Buncombe County Health Department
 Buncombe County Schools
 Hendersonville Housing Authority
 Hot Springs Housing Authority
 Housing Authority of the City of Asheville
 Land of Sky Regional Council of Governments
 Madison County Housing Authority
 Mars Hill Housing Authority
 Marshall Housing Authority
 North Carolina Department of Environment, Health, and Natural Resources
 Transylvania County Department of Social Services
 Western Carolina Community Action, Inc.

Non-Governmental Organizations

Alliance for Human Services, Inc. (Henderson County)
Asheville Area Chamber of Commerce
Asheville Area Habitat for Humanity, Inc.
Asheville Board of Realtors, Inc.
Asheville Branch Office of the Cherokee Native American Business Development Center
Asheville- Buncombe Community Relations Council
Buncombe County Council on Aging
Carolina Real Estate Investors Association
Community Foundation of Western North Carolina
Consumer Credit Counseling Services of WNC, Inc.
Eagle/Market Streets Development Corporation
Eliada Home, Inc.
Henderson County Habitat for Humanity
Hospitality House of Asheville, Inc.
Housing Assistance Corporation (Henderson County)
Mission St. Joseph's Health System
Mortgage Bankers Association
Mountain Housing Opportunities, Inc.
Mountain Microenterprise Fund
Neighborhood Housing Services of Asheville North Carolina, Inc.
Opportunity Corporation of Madison-Buncombe Counties
Pisgah Legal Services
Sharing House, Inc. (Transylvania County)
The Affordable Housing Coalition of Asheville-Buncombe County
Thoms Community Care Foundation, Inc.
United Way of Asheville and Buncombe County
Vanderbilt Apartments, Inc.
Volunteers of America, Inc.
Western Alliance Center for Independent Living
WNC Housing, Inc.
YWCA of Asheville

Residents Associations

Asheville Housing Authority Residents Association
Aston Park Towers Association
Eastview Condominiums Association
West Asheville Community Council
West/End Clingman Avenue Neighborhood

Finally, copies were distributed to members of the Planning Group, local newspapers, local libraries, and to several interested members of the public.

Comments Received

Written comments received during the 30-day formal consultation period are reproduced (in full or in summary) below. Notes in italics indicate where the draft plan was revised as a result.

Local Governments

1. Transylvania County. The Director of Planning and Economic Development wrote with the following comments:
 - a) You note that the 25-44 age group is projected to decrease by about 5% consortium-wide by 2005, with an even greater decrease for Transylvania County. I do not think that these projections are correct.
 - b) The “Employment by Sector” numbers are not correct. *(The table was updated and corrected)*
 - c) Do all Consortium Board members agree with [Fair Housing] Recommendation 4a?
 - d) Section 3 [in the Barriers to Affordable Housing] “Lack of Incentives for and Outreach to Private For Profits” is particularly important. Clearly this is a problem (potential opportunity) and needs greater attention.
 - e) Who ranks the physical condition of the public housing complexes? It’s interesting to note that all the complexes in Brevard are rated as “fair”.
2. Buncombe County. Planning Department staff wrote with detailed comments on the public transportation strategies, and with a list of typographical errors. *(Various minor amendments were made to reflect these comments).*
3. The Town of Laurel Park, Hendersonville. The Town Manager wrote in support of the Plan.

Other Public Agencies

1. Metropolitan Sewerage District of Buncombe County. The General Manager wrote stating that MSD wants to coordinate its Capital Improvement Plan with the Consolidated Plan.
2. Mars Hill Housing Authority. The Executive Director wrote pointing out the differences between Madison County and Buncombe County which were reflected in its different organization of public housing and requesting re-consideration of the draft Plan’s support for consolidation of the four housing authorities in Madison County. The letter also pointed out some inconsistencies in the presentation of data. *(The strategy supporting consolidation was reworded to suggest only that it be considered; the presentation of public housing data was revised)*
3. Marshall Housing Authority. The Executive Director wrote to express her opposition to the concept of consolidation.

4. Hot Springs Housing Authority. The Executive Director wrote to point out that the Authority's goals and strategies had not been listed in the draft Plan. The letter also opposed the concept of consolidation and requested that HUD assessments and scores be reported for all public housing authorities.
5. Buncombe County Aging Coordinating Consortium. The Consortium Chairman wrote with the following (summarized) comments:
 - a) Higher priority needed for elderly renters with 51-80% AMI in HUD Table 2A. (*The priority was increased from Low to Medium*).
 - b) Clearer definition needed of "Handicapped Accessible" in the public housing section.
 - c) Housing needs of those working as paid helpers for the elderly need to be addressed.
 - d) Felt that the plan is geared towards home-ownership; more attention should be paid to providing affordable rental units.
 - e) Plan should express concern for avoiding possibility of losing Project Based Section 8 units, and that strategies to ensure continuation of this assistance be specified.
 - f) Attention should be paid to maintaining the existing [owner-occupied] housing stock for the elderly.
 - g) The draft Plan lacks mention of Assisted Living for low-and moderate-income elderly.
6. The Asheville Regional Water Authority. The Director wrote supporting the Plan and offering to consider prioritizing water improvements in CDBG target areas – particularly if CDBG funds were available to leverage Water Authority capital funds.

Non-Governmental Organizations

1. Alliance for Human Services (Hendersonville). A letter from the Alliance suggested that the plan include a discussion of how planning allocations are determined and a summary of past allocations. There should be a goal to increase funding to regions of the Consortium that have been historically under-funded. (*Appendix E has since been added, which discusses how funding allocations are made*).
2. Asheville Business Development Center. The Business Development Specialist wrote to support the plan and commended the City for the large degree of public participation and the cost savings made by distributing the draft on compact disk.

Others

1. Sixty-seven people signed a “Resolution” objecting to a proposal in the draft Plan to add a requirement for lead-based paint inspections to city and county housing codes and requesting further that the issue of lead-based paint contamination in housing be referred for further study by a panel of experts. *(The draft was amended to remove the requirement for LBP inspections).*
2. Mr. Walter M. Plaue, a member of the Carolina Real Estate Investors Association and of the Affordable Housing Focus Group, wrote to request further textual amendments to the revised lead-based paint strategies and to Affordable Housing Strategy #a.6. *(Minor revisions were made)*
3. Ms. Natira Collington, a public housing resident, wrote to support the strategy for a local Housing Trust Fund.
4. Mr Al Mojonier, a Board member of the Affordable Housing Coalition, wrote to support the strategy for a local Housing Trust Fund.

Appendix D

Anti-Poverty Strategy for Asheville

HUD’s regulations for the Consolidated Plan require that it describe “the jurisdiction’s goals, programs, and policies for reducing the number of poverty-level families”. This appendix contains a summary of the strategies that are intended to impact the number of people living in poverty within the City of Asheville. Those strategies with the greatest direct impact are highlighted in bold text. An assumption has been made that “poverty-level” income is roughly equivalent to income below 30% of area median income (AMI).¹

Summary of Strategies Impacting the Number of People in Poverty

Type of Strategy	Summary
Key Principles for Housing Programs	1. Help those with the greatest needs (the homeless, disabled, frail elderly, and very low-income families)
	2. Increase the affordable housing stock
	3. Leverage outside funding
	4. Preserve long-term affordability
	6. Incorporate accessibility (universal design) features into all new housing
	8. Preserve existing housing stock
	9. Help beneficiaries succeed for the long term
	13. Coordinate housing development with transportation, jobs, and services
	14. Stabilize deteriorated neighborhoods
Zoning Barriers	1. Asheville should review UDO with the goal of creating more opportunities for higher-density, affordable multifamily housing.
	3. Provide assistance and incentives for well-designed manufactured housing parks.
	6. Explore possibility of innovative models that provide incentives for development of vacant parcels, or that ensure that a proportion of all major new housing development is affordable.
Infrastructure	1. Earmark some CDBG funds for infrastructure improvements, particularly for housing that serves very low income families or individuals

¹ Other HUD regulations require jurisdictions to track and report the incomes of program beneficiaries in terms of percent of AMI. However, the definition of “poverty level” is based on nationwide figures and is independent of AMI. To repeat the beneficiary analysis in terms of “poverty-level” would be wastefully time-consuming.

Public Attitudes and Policies	1. Publicize the findings of this plan and continue to gather data on a regular basis on housing costs and income and other key indicators.
	2. Raise public awareness of the need for affordable housing and celebrate success stories at every opportunity.
	4. Elected officials faced with controversial development decisions should rely on the rule of law, and on established public policies rather than attempting to satisfy all parties.
Landlord Tenant Issues	Create landlord and tenant education programs; provide certificates for both landlords and tenants.
Manufactured Housing	1. Support and encourage the development of attractive manufactured housing communities.
	3. Consider permitting manufactured housing in all neighborhoods.
Housing Assistance for Persons with Disabilities	1. Encourage the North Carolina Housing Finance Agency to allow use of HOME funds for rental assistance for special needs housing.
	2. Work with housing authorities to apply for mainstream housing vouchers
	3. Investigate creative ways to use Section 8 assistance to help make developments specifically designed for disabled people financially viable.
	4. Encourage local and state funding sources to offer grants rather than loans for special needs housing projects.
Transportation	Local governments should support transportation initiatives that help lower-income persons get to jobs, services, and shopping.
Local Public Investment in Housing	1. Create a local Housing Trust Fund with the equivalent of a one cent property tax.
	2. Make the most efficient use of available HOME and CDBG funds by applying the key strategic principles (set out above).
	3. Explore new long-term revenue sources for housing, understanding that this may require state enabling legislation
Lead-Based Paint	All strategies
New Rental Housing – Large Developments	1. Aggressively seek federal and state LIHTC funding.
	2. Select sites strategically to minimize NIMBY and use mediation to resolve land use debates.
	3. Develop additional strategies for encouraging and supporting appropriate types of supportive housing for the elderly.
New Rental – Small Developments	Promote in-fill development on small vacant sites.
Rental Rehabilitation and Subsidies	All strategies

Rehabilitation for existing homeowners	1. Continue to Support owner-rehab programs
	3. Allow replacement of dilapidated units by manufactured homes
	4. Continue to support emergency repair programs with CDBG
Fair Housing	All strategies
Public Housing	All strategies
Homelessness	All strategies – especially: 1. A minimum of 30% of CDBG funding should be used to benefit people who are homeless or at risk of homelessness
Economic Development	1. Support opportunities to develop or attract jobs that pay a living wage
	2. Provide technical assistance to micro and small business owners
	3. Link job training resources to business retention, recruitment and capital programs
Housing Goals	1. Produce 185 CDBG- or HOME-assisted units each year (including 100 rental units)
	2. Increase the lead-based paint screening rate for young children to over 35% by 2005.
	3. Reduce LBP hazards in 40 units a year.
Homelessness	1. Provide an additional 150 units of shelter/housing for individuals (30 per year) and 100 for families (20 per year)
	2. Achieve an accurate unduplicated annual count of persons experiencing homelessness in Buncombe County
Non-Housing Community Development	1. Use CDBG funding of public services to assist at least 300 persons each year to significantly improve their housing or economic opportunities
	2. Assist the creation of 200 new jobs (40 per year) or business opportunities for low- and moderate-income persons that pay a living wage
	3. Provide training and job placement for 100 low-income persons (20 per year)

Appendix E

Evaluation, Selection and Monitoring of Subrecipient Programs

1. Subrecipients

Most of the programs funded with CDBG and HOME are not carried out by the City of Asheville or other Consortium member governments, but by non-profit agencies. Many of these agencies have been described in the sections of this Plan that describe “Institutional Structure”. Our area is rich in capable and innovative non-profit agencies.

The technical term for these agencies when they use CDBG or HOME funds is “subrecipient”. Some subrecipients qualify to be treated as Community Housing Development Organizations (CHDOs), which gives them greater latitude in their use of HOME funds. Some qualify as Community Based Development Organizations (CBDOs), which gives them greater latitude in the use of CDBG funds. Whichever category they fall into, the City of Asheville has an obligation to ensure that subrecipients use their CDBG or HOME funds efficiently, effectively and in compliance with HUD regulations and with any local conditions placed on their programs.

2. Allocation of Grants to Subrecipients

The allocation of CDBG and HOME funds is a difficult and necessarily competitive process. The City endeavors to make the allocation process as fair and transparent as possible, and to protect Council Members from the intense lobbying that accompanies this process in some localities.

The application process opens up in late fall each year and all applicants are required to complete an application form by a deadline around the end of January. Staff evaluate applications using an evaluation tool. The current CDBG version is reproduced at the end of this Appendix; the HOME version differs only slightly. The evaluation scores are used for information in the allocations process, but are not the sole determining factor. Many of the evaluation criteria are drawn directly from the priorities set out in this Plan.

Recommendations for CDBG funding are made by the City’s Housing and Community Development Committee. Recommendations for HOME funding are made by the HOME Consortium Board. However, in the case of HOME, most of the funds are pre-allocated geographically, and the Board pays special attention to the preferences expressed by local governments as to the use of funds in their locality.

The pre-allocation of HOME funds is accomplished by the following steps which are closely modeled on the formula used by HUD to allocate HOME funds nationally. They utilize the most recently available census data (for counties, only the unincorporated areas are counted):

- a. The following need indicators are listed for each Consortium Member:
 - i. The total population adjusted for poverty (using numbers provided by HUD);
 - ii. The number of persons below poverty level;
 - iii. The number of Housing units lacking complete plumbing;
 - iv. The number of housing units lacking complete kitchen facilities;

- v. The number of household paying >30% of gross income in rent;
- vi. The number of structures built before 1950;
- b. These numbers are totaled for each Member;
- c. The Member's percentage share of the grand total is calculated;
- d. These shares are applied to 70% of the HOME entitlement grant to give the "planning level" of HOME funding for each Member. The remaining 30% is for grant administration (10%) and direct funding of Community Housing Development Organizations (15% for programs and 5% for operating costs), as required by HUD.

Final approval of the CDBG and HOME allocations making up the annual Action Plan is the responsibility of Asheville City Council.

3. Grant Agreements

The City executes a formal grant agreement with each subrecipient. The grant agreement includes standard requirements for compliance with HUD regulations, and also sets out a description of the work that the subrecipient will undertake, the performance targets it expects to achieve, and the budget for using CDBG or HOME funds. This grant agreement has the force of a legal contract and is the City's primary control over the actual use of funds by subrecipients.

4. Monitoring

The City monitors subrecipients' activities through the review of reports and draw requests, and through on-site visits.

Each subrecipient is required to submit monthly or quarterly written reports on the progress of their CDBG-or HOME-funded activities. These reports indicate how well the subrecipient is performing against the targets set in the grant agreement. They submit requests for reimbursement of project expenses as needed (usually monthly) with sufficient back-up detail to support the request (e.g. copies of payrolls or paid invoices). With rare exceptions, reimbursement is made only after the expense has been incurred and paid by the subrecipient. Subrecipients also provide detailed annual reports summarizing their achievements and providing information on the income and race of the clients they have served.

At least once a year, City staff conduct a monitoring visit to each subrecipient. During these visits, staff see for themselves how each project is progressing, for example visiting houses that are undergoing rehabilitation. Staff review the subrecipients' financial records to verify the expenditures that have been reimbursed. Where subrecipient staff are paid with federal funds, time sheets and payroll records are reviewed. Staff also review project files to ensure that HUD regulations have been followed, for example in the areas of client eligibility, procurement, contract management, and lead-based paint hazards.

For large construction projects, staff will make additional site visits to interview workers and verify compliance with federal Labor Standards and HUD Section 3 economic opportunity regulations.

Staff also provide technical assistance to subrecipients, to help them understand and comply with HUD regulations. Staff and subrecipients share information on legislative developments and new grant opportunities and consult together on policy changes. The City of Asheville views subrecipients as close partners and keeps its doors open to them at all times.

5. Evaluation Tool

The following pages reproduce the evaluation tool used in FY 2000 to assign scores to applications for CDBG funding. The HOME evaluation tool is similar, but omits criteria appropriate to non-housing projects. The evaluation tool is reviewed and refined each year.

EVALUATION OF CDBG APPLICATIONS

FY 2000

Name of Applicant::

Project Title:

Amount requested: \$

A. Threshold Criteria

1. Project clearly eligible according to CDBG regulations. Yes ____ No ____
2. If public service program then new or expanded activity
(or already CDBG-assisted at level requested). Yes or N/A ____ No ____
3. Has demonstrated adequate past performance
in carrying out CDBG projects and complying
with CDBG regulations. Yes or N/A ____ No ____
4. Applicant started spending current CDBG
appropriation by December 31, 1999. Yes or N/A ____ No ____
- 5) Has provided audited financial statements
and other required information. Yes ____ No ____

Comments:

B. Scoring

Criterion	Maximum Points	Points Awarded	Comments
1. Meets established priority needs (detail in section C)	30		
2. Well-defined, realistic targets for outcomes	10		
3. Operation is clearly described and realistic; has high chance of meeting targets	10		
4. Will leverage additional investment (one point for each time CDBG/HOME total is matched by other funds)	10		
5. Generates program income: principal only: 2 low interest 3-4 5% int. or more 5	5		
6. Budget is complete and realistic, and indicates need for CDBG funding	10		
7. Project currently CDBG funded and meeting requirements in grant agreement (0 points for projects not currently CDBG funded)	5		
8. Agency has good track record in carrying out other CDBG-funded projects	5		
8. Applicant has an effective Board of Directors independent of staff	5		
9. Applicant has adequate written management policies	5		
10. Applicant has had timely audits free of qualifications and findings, and showing healthy financial position.	5		
Total	100		

C-I. Detailed Scoring for Needs - Housing Programs

(Includes Site Acquisition, Infrastructure, New Construction, Rehabilitation, or Homeownership).

Criterion	Maximum Points	Points Awarded	Comments
1. Primarily assists homeless, very low income, frail elderly or disabled	5		
2. Increases affordable housing stock (new construction or conversion)	4		
3. Coordinated with transportation, jobs, services	3		
4. Preserves long term affordability (beyond minimum required by regs.)	3		
5. Emphasizes quality (construction, energy efficiency, design)	3		
6. Involves private sector (with or without non-profit partner)	2		
7. Preserves existing housing stock through rehabilitation	2		
8. Includes education/support services to help clients succeed for long term	2		
9. Mixed use/mixed income development	2		
10. Provides homeownership opportunities	1		
11. Efficient land use (density exceeds 8 units/acre, or infill site)	1		
12. Stabilizes deteriorated neighborhood	1		
13. Incorporates accessibility features (visitability) in all units	1		
Total	30		

C-II. Detailed Scoring for Needs - Economic Development Programs*(includes job training, small business assistance, acquisition & rehab of commercial buildings)*

Criterion	Maximum Points	Points Awarded	Comments
1. Creates jobs that pay living wage (>\$10 p.h.)	5		
2. Assists low-income entrepreneurs	5		
3. Provides job training and/or placement for very low income clients (<30% median)	5		
4. Rehabilitates dilapidated buildings in redevelopment area	5		
5. Links job training to business recruitment/retention	5		
6. Other innovative features	5		
Total	30		

C-III. Detailed Scoring for Needs - Public Service and Other Programs*(includes fair housing, planning, and public services other than job training)*

Criterion	Maximum Points	Points Awarded	Comments
1. Clearly supports housing or economic development program(s)	15		
2. Targeted primarily to clients with low or v. low income (1 pt. per 10% low income; 2 pts. per 10% v. low income)	15		
Total	30		

D. General Comments and Suggested Interview Questions

Appendix F

Cost of the Plan

The cost to the City of Asheville of preparing the Consolidated Strategic Plan is estimated as follows:

Consultant fee for preparation of the Housing Needs Assessment	\$24,500
Consultant fee for facilitation of Non-Housing CD Focus Group	730
Travel expenses (HUD training).....	410
Postage.....	400
Printing	2,170
Miscellaneous costs	120
Estimated staff time (1,165 hours @ \$26 p.h. salary & benefits)	30,290

Total Estimated Cost.....	\$58,620
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Notes:

- (1) Staff time does not include time donated by the many volunteers who served on the Planning Focus Groups and Steering Committee; if valued at \$10 p.h. this would amount to about \$9000.
- (2) Distributing most copies of the draft and final versions of the plan on compact disk rather than in print saved an estimated \$1500 in printing and postage.

APPENDIX G

GLOSSARY

The following is intended to be a complete list of technical terms and acronyms used in this document.

A HOPE	The A HOPE homeless outreach center of Hospitality House
ABCCM	Asheville Buncombe Community Christian Ministry
ABCRC	Asheville-Buncombe Community Relations Council
ADA	Americans with Disabilities Act
AHC	Affordable Housing Coalition
AMI	Area median income
BCHC	Buncombe County Health Center
BHA	Brevard Housing Authority
CARROT	City of Asheville Rental Rehabilitation for Owners and Tenants (loan program)
CDBG	Community Development Block Grant (program)
CDI	County Development Information (Western Carolina University)
CFR	Code of Federal Regulations
CIAP	Comprehensive Improvement Assistance Program (public housing)
CPTED	Crime Prevention Through Environmental Design
CREIA	Carolina Real Estate Investors Association
DENR	North Carolina Department of Environment and Natural Resources
EBL	Elevated blood lead level
EDI	Economic Development Initiative (a HUD grant program)
EMSDC	Eagle Markets Streets Development Corporation
ESC	Employment Security Commission
EZ/EC	Empowerment Zone/Enterprise Community
FHAP	Fair Housing Assistance Program (HUD Grant program)
FHIP	Fair Housing Initiatives Program (HUD Grant program)
FMR	Fair Market Rent
GAO	(federal) General Accounting Office
GAPMF	Grove Arcade Public Market Foundation
HACA	Housing Authority of the City of Asheville
HHA	Hendersonville Housing Authority
HMDA	Home Mortgage Disclosure Act
HOME	HOME Investment Partnerships Act (program)
HOPWA	Housing Opportunities for persons with AIDS
HUD	U.S. Department of Housing and Urban Development
IDA	Individual Development Account
JTPA	Job Training Partnership Act
LBP	Lead-based paint

LIHTC	Low Income Housing Tax Credit
LMI	Low- and moderate-income (below 80% of AMI)
LPPP	The Lead Poisoning Prevention Program of UNCA
MCHA	Madison County Housing Authority
MF	Multifamily (housing)
MHA	Marshall Housing Authority
MHO	Mountain Housing Opportunities
MMF	Mountain Microenterprise Fund
MSA	Metropolitan Statistical Area
NCDOT	North Carolina Department of Transportation
NCFHC	North Carolina Fair Housing Center
NCHFA	North Carolina Housing Finance Agency
NCHRC	North Carolina Human Relations Commission
NCLIHC	North Carolina Low Income Housing Coalition
NHS	Neighborhood Housing Services
NHIS	National Health Interview Survey
NIMBY	“not in my back yard”
PHA	Public Housing Authority
PHDEP	Public Housing Drug Elimination Program
PUD	Planned unit development
QHWRA	Quality Housing and Work Responsibility Act
SAFE	Shelter Available for family Emergencies (Brevard)
SBA	(federal) Small Business Administration
SBTDC	Small Business Technology Development Center
SCORE	Service Corps of Retired Executives
SF	Single family (housing)
SPMI	Serious persistent mental illness
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families
TCHDC	Transylvania County Housing Development Corporation
The City	The City of Asheville
The Consortium	The Asheville Regional Housing Consortium (covering Buncombe, Henderson, Madison and Transylvania Counties)
The Plan	The Consolidated Strategic Housing & Community Development Plan for 2000-2005
UDO	(City of Asheville) Uniform Development Ordinance
WNCAP	Western North Carolina AIDS Project
WNCCHS	Western North Carolina Community Health Services

Appendix H

Maps

The following maps are included:

1. Census Tracts with more than 50% LMI Households - Consortium
- 1(a). Census Tracts with more than 50% LMI Households - Asheville
- 1(b). Census Tracts with more than 50% LMI Households – Hendersonville

2. Minority Population by Census Tract - Consortium
- 2(a). Minority Population by Census Tract - Asheville
- 2(b). Minority Population by Census Tract – Hendersonville

3. Proportion of Owner-Occupied Units by Census Tract – Consortium
- 3(a). Proportion of Owner-Occupied Units by Census Tract - Asheville
- 3(b). Proportion of Owner-Occupied Units by Census Tract – Hendersonville

4. Median Value of Owner-Occupied Housing
5. Housing Unit Density
6. Population Change from 1990-1997 by Census Tract
7. Concentration of Elderly Population
8. Vacant Properties in Asheville by Zoning Type
9. Lead-Based Paint Risks for Young Children by Census Tract
10. Incidence of Childhood Lead Poisoning by Zip Code

These maps may be printed in black and white in this copy of the Plan. Printed color copies are available for a small fee at the City's Community Development Division, Asheville City Hall, PO Box 7148, Asheville NC 28802; telephone: (828) 259-5723; or on the City's web page at www.ci.asheville.nc.us